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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000182

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E.O. 12958: DECL: 02/04/2019  
TAGS: [PGOV](#) [EINV](#) [ENRG](#) [UN](#) [TX](#)  
SUBJECT: TURKMENISTAN: OIL AND GAS CHAIRMAN OFFERS LITTLE  
ADVICE ON U.S COMPANY ACCESS

Classified By: Charge Richard Miles for reasons 1.4 (b) and (d).

11. (C) SUMMARY: During recent days, both the Charge and also Chevron's Country Manager met with Deputy Chairman for Oil and Gas Tagiyev to get a better sense of Turkmen Government interest in working with large U.S. energy companies. Although both meetings were conducted in a positive atmosphere, little new ground was covered, outside of encouraging Chevron to revise its proposal so that it contains a broader range of benefits for the Turkmen government. Chevron will likely drop its quest to bring a Vice Chairman here for a presidential meeting, at least for now. Tagiyev was not inclined to exchange substantive views on doing business in Turkmenistan, or on the recent Nabucco conference that he attended. END SUMMARY.

TAGIYEV WITH CHARGE: NOTHING NEW BUT THE OFFICE

12. (C) On February 3, Charge meet with Deputy Cabinet Chairman for Oil and Gas Tagiyev, who now occupies an elegant new office in the recently refurbished Cabinet of Ministers building. It is decorated with gold upholstered Louis XVI furniture, gold and crystal chandeliers, and elaborate gold molding that fuses the excess of Versailles with Turkmen state symbology, surrounding visitors and objects alike in a golden glow. After an exchange of greetings, Tagiyev responded to Charge's inquiry about Turkmenistan's willingness to work with western energy companies. He said that Turkmenistan had been working with Conoco-Phillips in its bid for three Caspian blocks, and said the company should continue to work with the State Agency on those negotiations. He added that many other companies were competing to work on the same blocks, from China, South Korea, and Russia, and Turkmenistan was working to get the best terms and conditions it could get in the contracts that are signed.

13. (C) Tagiyev avoided answering the question of whether a presidential meeting is necessary for a foreign company to get its foot in the door here, and responded only that such a

request should go through the MFA. He hinted, however, that under certain conditions he could facilitate presidential meetings. U.S. companies are welcome to compete for offshore PSAs, he said, and suggested that Chevron consider it. U.S. companies are also welcome to propose onshore service agreements, and he noted the success and expanding work of foreign companies like Schlumberger and Parker Drilling. He mentioned a new project in Cheleken on the Caspian coast, and indicated that the door was open to long term contracts. Mobil, he said, had been a partner in the past, but had left Turkmenistan years ago. Tagiyev expressed confidence that Turkmen agencies know what they are doing when it comes to oil and gas after 130 years of experience. Turkmen technological capacity, as well, has improved since independence, he said.

¶4. (C) Responding to Charge's inquiry about the results of the recent Budapest conference on Nabucco, Tagiyev shared no substantive observations, other than to reiterate the country's policy on diversification and to state that Turkmenistan has begun talking about the European market's needs. Turkmen gas, he said, will continue, as with all other existent and planned pipelines, to be sold at the border. He described Caspian delimitation as a "still open question," and would not comment on whether delimitation was necessary. He also would not comment on the EU's Caspian Development Corporation proposal. In closing, Tagiyev brought up the pipeline security seminar his government is organizing in coordination with the UN's Center for Preventive Diplomacy, which is to be held April 23-24.

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Invitations have been sent to the U.S. Department of Energy and to international energy companies, and asked that U.S. companies and U. S. officials participate in the conference.

TAGIYEV TELLS CHEVRON TO REVISE

¶5. (C) Earlier on the same day, the Chevron Amciti Country Manager gave Charge a readout of his January 31 meeting with Tagiyev. The Chevron Country Manager described the meeting as good, but said that Tagiyev did not appear to support Chevron's request for a presidential meeting for the company's Vice Chairman in February. Tagiyev was, however, willing to meet the Chevron executive himself. The Chevron Country Manager observed that when he sent a letter to the MFA on January 13 to formally request the presidential meeting, the MFA had apparently forwarded the request to Tagiyev rather than to the presidential apparatus. Tagiyev told him that meant that Tagiyev, not President Berdimuhamedov, should meet the Chevron Vice Chairman. The Chevron Country Manager described Tagiyev as "the gatekeeper," without whose support requests or proposals do not advance. Chevron will likely drop its presidential meeting request for now, he said.

¶6. (C) During the conversation with Tagiyev, which lasted about an hour and a half, the Chevron Country Manager said that Tagiyev repeated the oft-heard statements about the prohibition against foreign companies signing production sharing agreements onshore. Tagiyev suggested that Chevron revise its proposal, and include more obvious benefits, and offered CNPC's onshore contract as an example. (NOTE: Although few details of the CNPC contract have been made public, it has been characterized as including many elements, such as construction of portions of pipeline, a gas processing facility, and service work at multiple fields that would not meet the profit requirements of a private foreign company. END NOTE.)

¶7. (C) Tagiyev advised Chevron to submit a revised proposal to Turkmen Gas, but to also keep the Director of the State Agency for the Management and Use of Hydrocarbon Resources Kakayev in the loop. He also asked that Chevron's revised proposal include information on how the company would finance the work. The Chevron Country Manager told the Charge that

Chevron is now pondering how to recast the proposal to make it more enticing, but he still expected it to be a comprehensive plan. Meanwhile, to continue to promote good relations with the Government, Chevron may become a sponsor for the Turkmen Government's planned April 23-24 seminar on "Safe and Reliable Transit of Energy" in coordination with the UN.

18. (C) COMMENT: The two meetings covered very little new territory, and it is unclear what new provisions in a revised Chevron proposal would raise senior Turkmen officials' interest. The Chevron representative views Tagiyev as a powerful gatekeeper whose support must be acquired in order to get attention at the presidential level, but Tagiyev's inability -- or unwillingness -- to exchange general information or opinions makes it difficult to address Turkmen concerns or plan next steps. Nevertheless, Chevron is intent on pushing ahead in the hopes of finding some common ground with the State Agency. END COMMENT.  
MILES